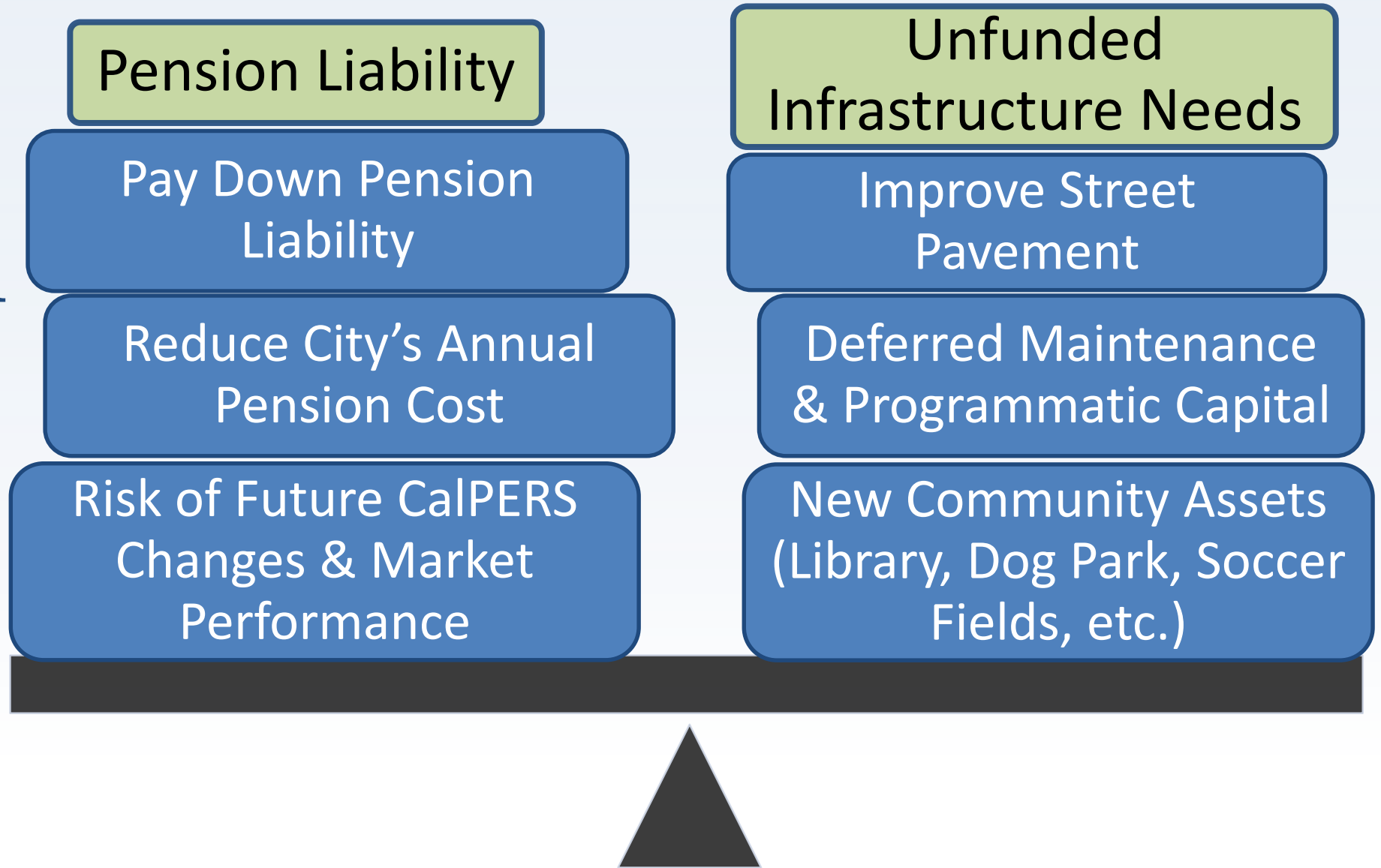


Budget Study Session Infrastructure

FEBRUARY 19, 2019



General Fund Top Financial Priorities



General Fund Top Financial Priorities

- Reduce increasing City pension costs and address the Unfunded Pension Liability totaling \$349.9 million
 - Strategically invest available funds to reduce recurring costs and protect essential City services
 - Establish a reserve to protect the City from future pension funding volatility
 - Potential future CalPERS assumptions changes can significantly impact the unfunded liability balance and required annual payments
 - Effective 2013 new employees are receiving reduced pension benefits (PEPRA)
 - Negotiate with City labor groups to implement City 50% normal cost share policy

A Decade Look Back: Municipal Capital Improvement Projects



2009
DeBell
Clubhouse



2016
Johnny
Carson
Park

2008
Community
Services
Building



2012
Verdugo
Pool



A Decade Look Back: Transit Related Capital Improvement Projects

2009
Burbank
Blvd.
Streetscape



2018
San Fernando/
Burbank Blvd.
Intersection



2011
Burbank Channel
Lake-Alameda
Path



A Decade Look Back: Municipal Infrastructure Funding Shortfalls



The Community Speaks on Infrastructure: Citizen Survey Highlights

- Among those that ranked extremely or very important: +70% agreed:
 - Protecting local ground water quality and supply 87%
 - Keeping neighborhoods safe and clean 84%
 - Repairing streets 78%
 - Earthquake retrofitting of city buildings, and bridges 74%
 - Improve traffic flow & safety on streets 73%
 - Maintaining public parks, sports fields, and community centers 73%

General Fund Top Financial Priorities

- **Unfunded Infrastructure needs totaling \$470 million for existing City assets alone**
 - Dedicate reliable funding source
 - Council adopted the Infrastructure Maintenance, Repair and Improvement Funding Commitment Policy
 - *No less than 50% of Measure P plus \$4.7 million General Fund annual commitment*
 - Implement governance: Infrastructure Oversight Board
 - Evaluate staff capacity
 - Prioritize infrastructure needs and wants with a focus on the maintenance and programmatic capital needs of existing City assets
 - Execute a work program incorporating best practice project management that allows infrastructure maintenance, programmatic capital and eventually capital improvement projects to be completed on-time and on budget

Steps Taken To Date:

Proposed Infrastructure Oversight Board (IOB) Framework

- To ensure the reliability, maintenance and safety of the City's infrastructure
 - *Ordinance Adoption presentation scheduled for March 26, 2019*

Committed

- Annual baseline commitment of \$4.7 million of General Fund for Infrastructure
- No Less than 50% of Measure P revenue
 - *Adopted October 2018*

IOB Framework – Powers and Duties

- Act as an advisory body, with eventually some decision-making authority
- Assist in infrastructure funding prioritization
- Monitor status of funded projects
- Review infrastructure policies and practices
- Assist in communicating the importance of City's infrastructure

- *Presented September 2018/Ordinance Adoption Presentation scheduled 3/26/19*



Commitment

Funding Policy:

- Dedicate no less than 50% of Measure P revenue to infrastructure repairs, maintenance and improvements
- Dedicate a baseline General Fund annual commitment of \$4.7 million.

Next Steps:

- Develop our infrastructure plan
- Identify and prioritize infrastructure needs
- Identify resources required
- Allocate available funding

What is Infrastructure?

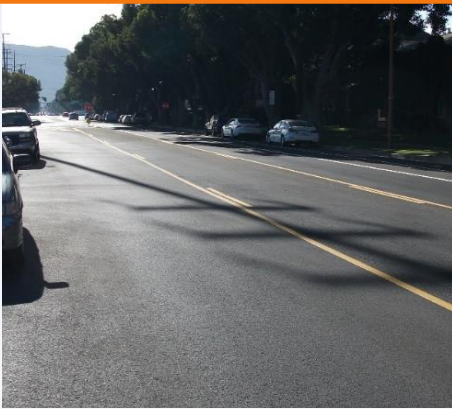
- Infrastructure (often referred to as Capital Improvements) is the collection of the City's assets of basic physical structures, systems and facilities necessary to provide acceptable service levels to support a community.
- Examples include: streets, sidewalks, parks, libraries, fire stations, police stations, water and wastewater systems, etc.
- The condition of the infrastructure system impacts public health, safety and the quality of life of Burbank neighborhoods, businesses and visitors.

Infrastructure Assets

General Funds

Enterprise Funds

Streets



Facilities



Refuse



Wastewater



Storm Drains



Parks



Water



Electrical

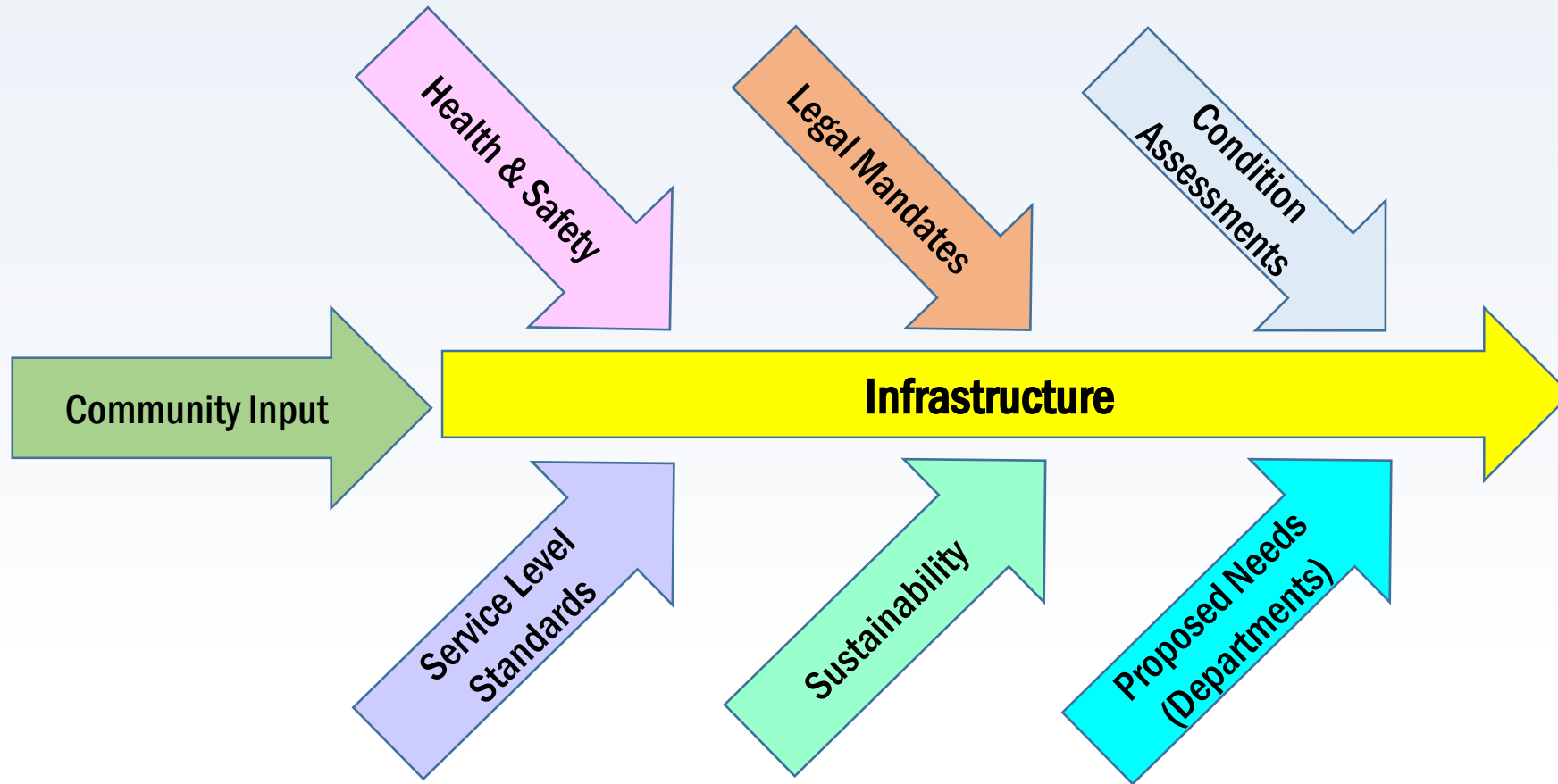


Infrastructure Plan Framework

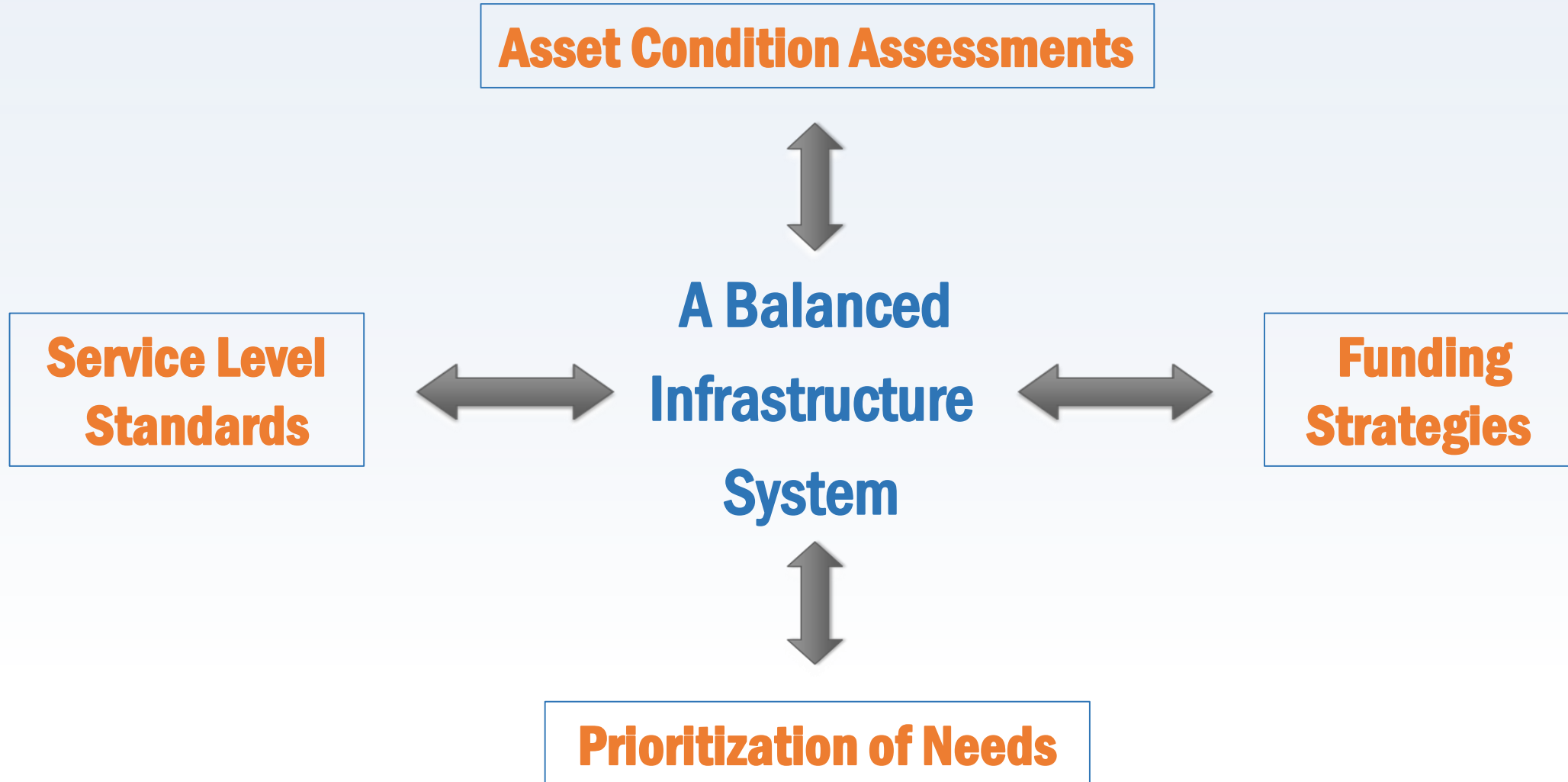
Key Components of an Infrastructure Plan

1. Maintenance – painting, custodial, landscaping, etc.
2. Programmatic Capital – routine and regular annual capital renewal or small projects that support an infrastructure system – ex: Paving, roofs, HVAC, etc.
3. Capital Improvement Projects (CIP) - major projects – ex: Library

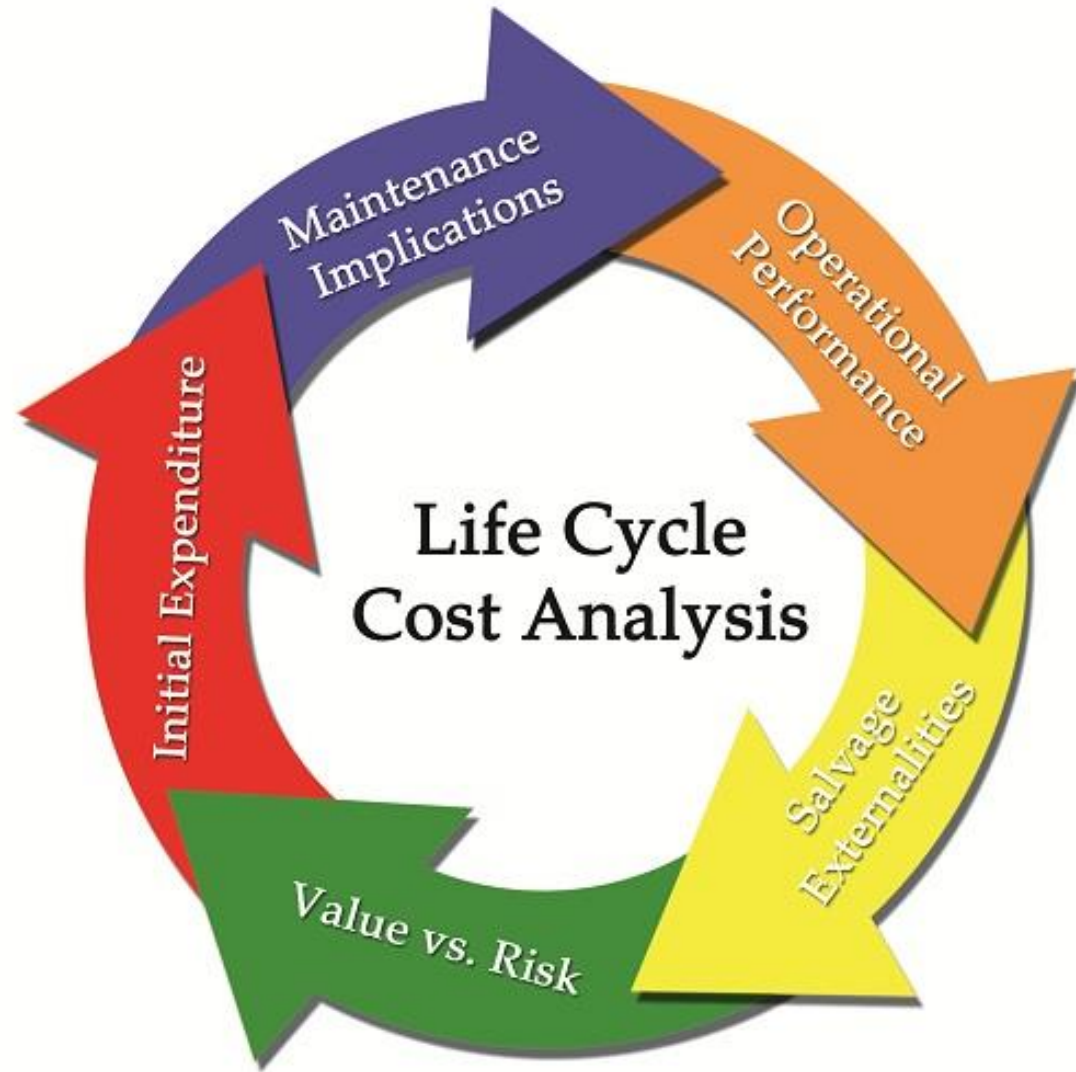
Driving Needs of an Infrastructure System

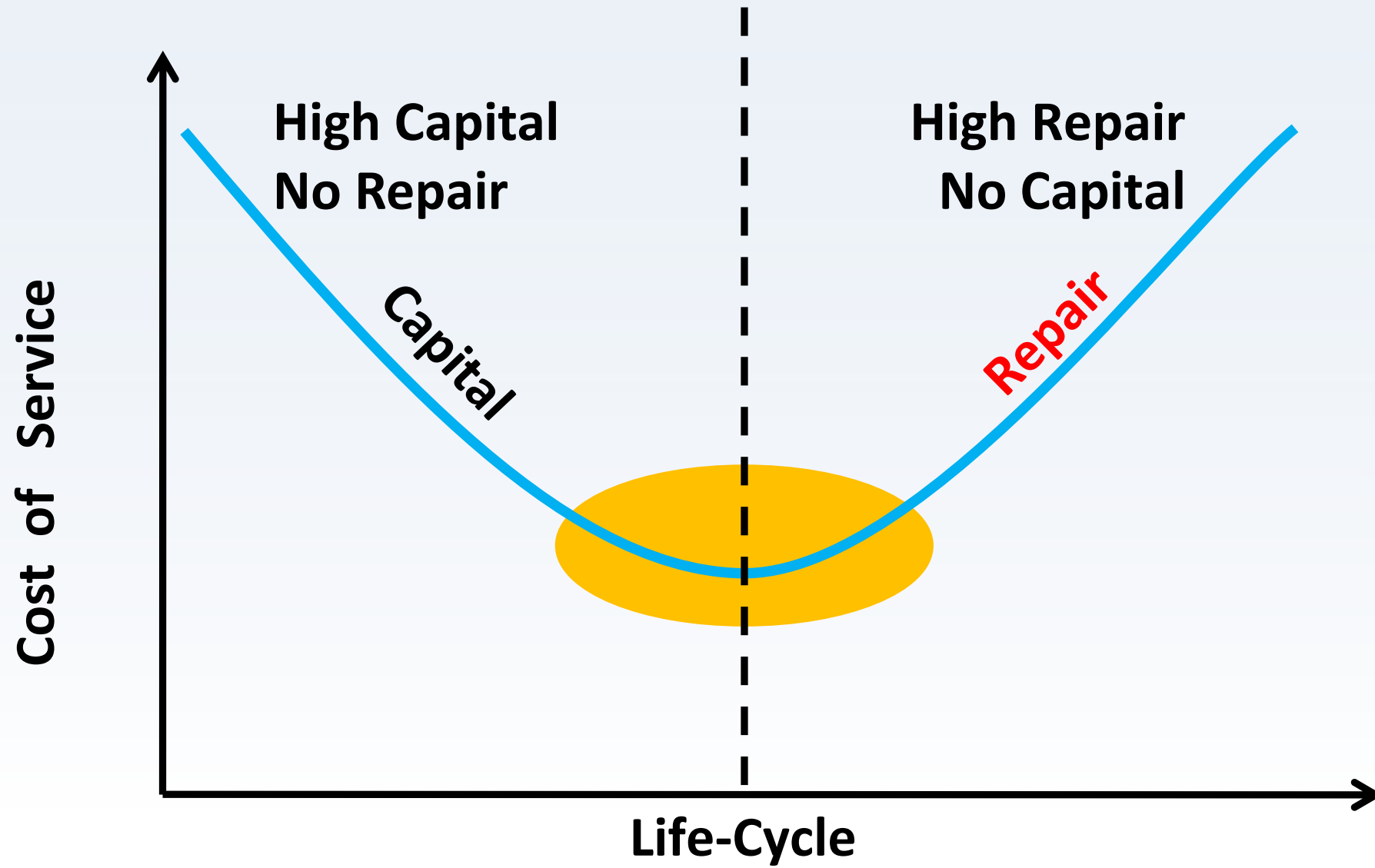


OBJECTIVE



Life Cycle Cost Analysis





Existing Infrastructure Needs

Estimated 10-Year Need: \$470 million

Streets	Storm Drains	Parks	Facilities
Bike & Ped Bridges Circulation Landscaping Medians/Islands Pavement Sidewalks Traffic Circulation	Catch Basins Debris Basins Drainage Water Quality	Appurtenances Colony Theater Creative Arts Golf Course Landscaping Nature Center Parks/Fields Pools Recreation Centers Tennis Center	ASB CSB City Hall Fire Training Center Landscaping Libraries Parking Structures/Lots Police/Fire Police Range Public Works Yard
\$150M	\$126M	\$94M	\$100M



Infrastructure Funding Components



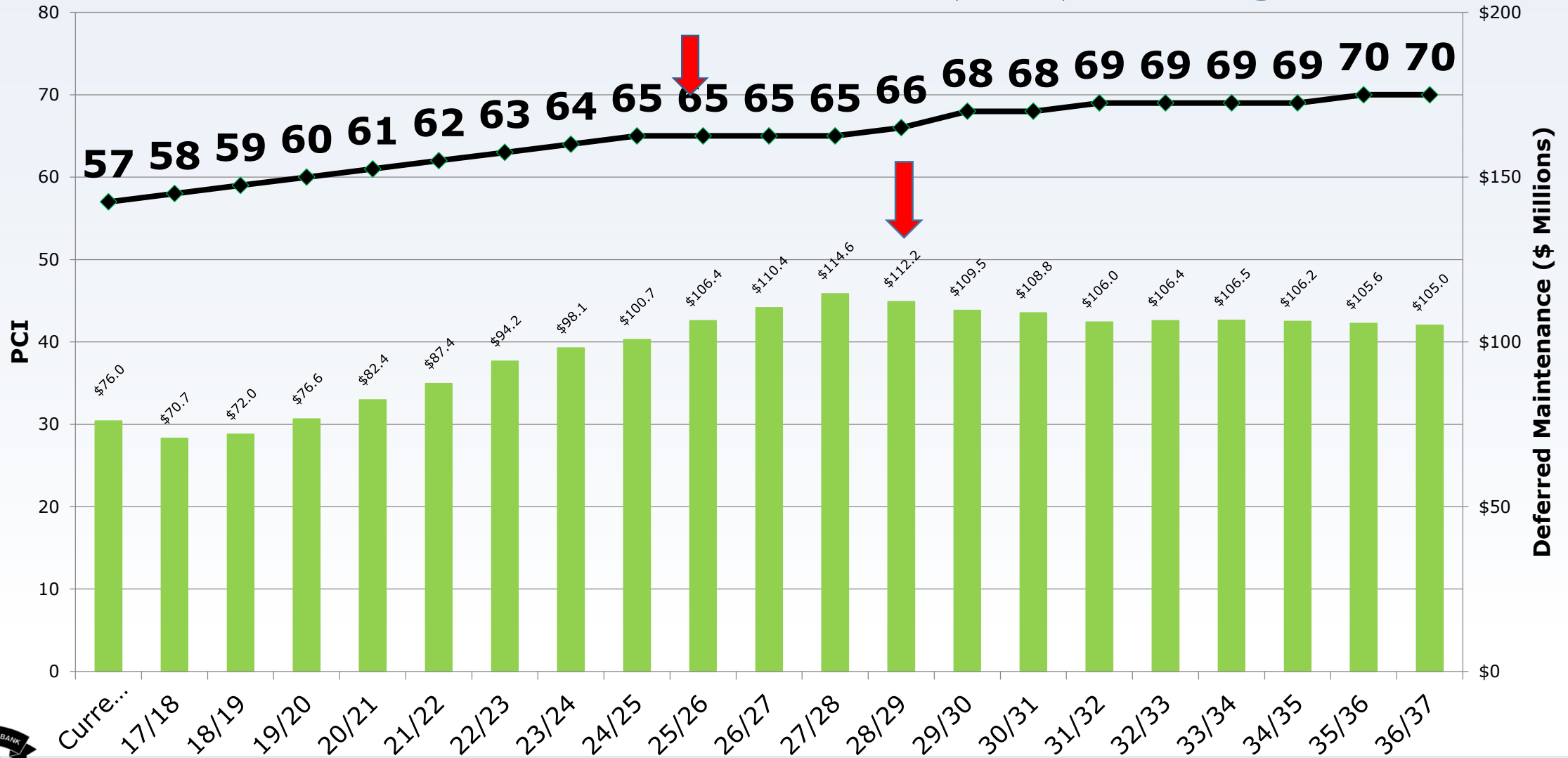
MAINTENANCE

**PROGRAMMATIC
CAPITAL**

**CAPITAL
IMPROVEMENT
PROJECT**

Annual Pavement Investment of \$8 Million

Pavement Condition Index (PCI) Average = 65



City Street Pavement Funding Plan

➤ Target PCI = 65

Existing Annual Funding:	\$3,000,000
SB1 Road Maintenance and Repair Act*:	\$2,500,000
Measure P Commitment:	<u>\$2,500,000</u>
TOTAL SUSTAINABLE ANNUAL PAVING FUNDING:	\$8,000,000

* SB1 commitment based on 10 year average revenue projection

General Fund Infrastructure Funding

Illustrative Example of Multi-Year Plan

	<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>		<u>Year 4</u>
<u>REVENUE</u>							
Carryover			\$21.2M		\$33.6M		\$36.2M
General Fund Contribution (One-Time)	\$10M						
RDA Loan Repayment (One-Time)	\$10M		\$14M				
Measure P (50%) (Recurring)	\$10M		\$10.2M		\$10.4M		\$10.6M
General Fund Commitment (Recurring)	\$4.7M		\$4.7M		\$4.7M		\$4.7M
<u>EXPENDITURES</u>							
Annual Maintenance	(\$3.5M)		(\$3.5M)		(\$3.5M)		(\$3.5M)
Programmatic Capital	(\$9M)		(\$9M)		(\$9M)		(\$9M)
Capital Improvement Project							
Project A	(\$1M)						
Project B			(\$4M)				
Project C							(\$15M)
Carryover Funds	\$21.2M		\$33.6M		\$36.2M		\$24M



Other Sources of Infrastructure Funding

- Leverage restricted funds
 - Transit/Streets: Measure R, Prop C, Prop A, Measure M, RMRA, Gas Tax
 - Water Quality: Measure W
- Actively pursue grants
- Consider alternative financing options
 - Public Private Partnerships (P3)
 - Multi-agency collaboration
- Reprioritization of existing funded projects

General Fund Infrastructure Funding

Illustrative Example of Multi-Year Plan

	Year 3		Year 4		Year 5		Year 6
REVENUE:							
Carryover	\$33.6M		\$36.2M		\$24M		\$28M
Restricted Funds (i.e, Meas R, M, W ,etc)					\$5M		
Grants (One-Time)					\$3M		
Alternative Funding (i.e, P3 - one time)							\$25M
Reprioritization of Projects (one time)					\$3M		
Measure P (50%) (Recurring)	\$10.4M		\$10.6M		\$10.8M		\$11M
General Fund Commitment (Recurring)	\$4.7M		\$4.7M		\$4.7M		\$4.7M
EXPENDITURES:							
Annual Maintenance	(\$3.5M)		(\$3.5M)		(\$3.5M)		(\$3.5M)
Programmatic Capital	(\$9M)		(\$9M)		(\$9M)		(\$9M)
Capital Improvement Project							
Project C			(\$15M)				
Project D					(\$10M)		
Project E							(\$45M)
Carryover Funds	\$36.2M		\$24M		\$28M		\$11.2M

Infrastructure Work Plan Roll-out

- Establish the Infrastructure Oversight Board
- Focus on Deferred Maintenance & Programmatic Capital
- Build internal capacity for Capital Improvement Projects (CIP)
- Plan for the future
 - funding (including alternative funding options)
 - capacity
 - prioritization
 - implementation



Upcoming Council Items

- ❖ FY 2018-19 Mid-Year Report
 - ***March 5, 2019***
- ❖ Establishment of Infrastructure Oversight Board
 - ***March 26, 2019***
- ❖ Dedicated Budget Meeting
 - ***April 16, 2019***

City Council

Questions and Direction to Staff